

UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
OAKLAND DIVISION

SAN FRANCISCO TECHNOLOGY INC.,

Plaintiff,

vs.

MOSSWOOD ENTERPRISES, INC.,

Defendant.

Case No: C 10-5574 SBA

**ORDER GRANTING  
DEFENDANT'S MOTION TO  
DISMISS**

Plaintiff San Francisco Technology Inc. ("SFT") brings the instant action as a qui tam relator against Defendant Mosswood Enterprises, Inc. ("Mosswood"), for false marking under the Patent Act, 35 U.S.C. § 292. The parties are presently before the Court on Defendant's Motion to Dismiss, pursuant to Federal Rule of Civil Procedure 12(b)(6) and 9(b). Dkt. 23. Having read and considered the papers filed in connection with this matter and being fully informed, the Court hereby GRANTS the motion for the reasons set forth below. The Court, in its discretion, finds this matter suitable for resolution without oral argument. See Fed. R. Civ. P. 78(b); N.D. Cal. Civ. L.R. 7-1(b).

**I. BACKGROUND**

Plaintiff SFT is a Delaware corporation with its principal place of business in San Jose, California. Compl. ¶ 2, Dkt. 2. Defendant Mosswood allegedly makes and sells a variety of products, including the Made for Mom No Spill Bottle Cap System. Id. ¶ 9. SFT alleges, as it has in a multitude of other actions pending in this Court, that Mosswood's products have been marked with one or more expired patents. Id. ¶¶ 10-15. SFT alleges that "the false marking was done with intent to deceive the public by, including, but not limited to, misusing its patent rights to extend the term of its patents and inhibiting competition." Id. ¶ 20.

1 On December 8, 2010, SFT filed the instant lawsuit in this Court as a qui tam action  
2 against Mosswood to recover civil fines for false marking under 35 U.S.C. § 292.  
3 Mosswood now moves to dismiss the complaint for failure to plead fraud with particularity  
4 under Rule 9(b). Dkt. 23. The motion has been fully briefed and is ripe for adjudication.

## 5 **II. LEGAL STANDARD**

6 A complaint may be dismissed under Rule 12(b)(6) for failure to state a claim if the  
7 plaintiff fails to state a cognizable legal theory, or has not alleged sufficient facts to support  
8 a cognizable legal theory. Balistreri v. Pacifica Police Dep't, 901 F.2d 696, 699 (9th Cir.  
9 1990). In deciding a Rule 12(b)(6) motion, the court generally “consider only allegations  
10 contained in the pleadings, exhibits attached to the complaint, and matters properly subject  
11 to judicial notice.” Swartz v. KPMG LLP, 476 F.3d 756, 763 (9th Cir. 2007). The court is  
12 to “accept all factual allegations in the complaint as true and construe the pleadings in the  
13 light most favorable to the nonmoving party.” Outdoor Media Group, Inc. v. City of  
14 Beaumont, 506 F.3d 895, 899-900 (9th Cir. 2007). The allegations must “give the  
15 defendant fair notice of what the ... claim is and the grounds upon which it rests.” Bell Atl.  
16 Corp. v. Twombly, 550 U.S. 544, 555 (2007) (internal quotations and citation omitted).  
17 Where a complaint or claim is dismissed, leave to amend generally is granted, unless  
18 further amendment would be futile. Chaset v. Fleer/Skybox Int'l, 300 F.3d 1083, 1087-88  
19 (9th Cir. 2002).

## 20 **III. DISCUSSION**

21 The Patent Act prohibits marking an unpatented article with the word “patent” or  
22 any patent number for the purpose of deceiving the public. See 35 U.S.C. § 292(a);  
23 Clontech Labs., Inc. v. Invitrogen Corp., 406 F.3d 1347, 1352 (Fed. Cir. 2005). Section  
24 292(a) provides, in relevant part, that, “Whoever marks upon, or affixes to, or uses in  
25 advertising in connection with any unpatented article, the word “patent” or any word or  
26 number importing that the same is patented for the purpose of deceiving the public ...  
27 [s]hall be fined not more than \$500 for every such offense.” 35 U.S.C. § 292(a). The false  
28 marking statute is enforceable by a qui tam remedy provided in section 292(b), which

1 provides that “[a]ny person may sue for the penalty, in which event one-half shall go to the  
2 person suing and the other to the use of the United States.” See Boyd v. Schildkraut  
3 Giftware Corp., 936 F.2d 76, 79 (2d Cir. 1991).

4 To state a false marking claim, the plaintiff must allege the following: (1) a marking  
5 importing that an object is patented; (2) falsely affixed to; (3) an unpatented article;  
6 (4) with intent to deceive the public. See Clontech Labs., Inc., 406 F.3d at 1351. The  
7 purpose of the false marking statute is to protect the public. Juniper Networks v. Shipley,  
8 No. C 09-0696 SBA, 2010 WL 986809, at \*6 (N.D. Mar. 17, 2010), aff’d, -- F.3d --, 2011  
9 WL 1601995, at \*3 (Fed. Cir. April 29, 2011). Because of its penal nature, however, the  
10 statute is to be strictly construed. Mayview Corp. v. Rodstein, 620 F.2d 1347, 1359 (9th  
11 Cir. 1980).

12 The Federal Circuit has held that claims brought under the false marking statute are  
13 subject to the pleading requirements of Federal Rule of Civil Procedure 9(b). In re BP  
14 Lubricants USA Inc., 637 F.3d 1307, 1311 (Fed. Cir. 2011); accord Juniper Networks, Inc.  
15 v. Shipley, -- F.3d --, 2011 WL 1601995, at \*3 (Fed. Cir. April 29, 2011) (“[a] false  
16 marking claim requires an intent to deceive the public ... and sounds in fraud, ... [a]s such,  
17 false marking claims must satisfy the heightened pleading standard of Fed.R.Civ.P. 9(b)”)<sup>1</sup>.  
18 In In re BP Lubricants USA, the complaint alleged that the defendant was a “sophisticated  
19 company” with “experience applying for, obtaining, and litigating patents,” and that it  
20 “knew or should have known that the patent expired.” Id. at 1309. The Federal Circuit  
21 found such allegations to be too conclusory to state a claim, and ruled that a “general  
22 allegation that [the defendant] knew or should have known that the patent expired” is  
23 insufficient to establish an intent to deceive. In re BP Lubricants USA Inc., 637 F.3d at  
24

25  
26 <sup>1</sup> Rule 9(b) requires that “[i]n all averments of fraud ... the circumstances  
27 constituting fraud ... shall be stated with particularity.” Fed. R. Civ. P. 9(b). The plaintiff  
28 must state the “who, what, when, where, and how” of the alleged fraud. Exergen Corp. v.  
Wal-Mart Stores, Inc., 575 F.3d 1312, 1327 (Fed. Cir. 2009); accord Kearns v. Ford Motor  
Co., 567 F.3d 1120, 1124 (9th Cir. 2009).

1 1311. Rather, “a complaint must in the § 292 context provide some objective indication to  
2 reasonably infer that the defendant was aware that the patent expired.” Id.

3 The Complaint filed by SFT in this action suffers from the same type of infirmities  
4 as the pleading at issue in In re BP Lubricants USA. Specifically, SFT alleges that:  
5 “Mosswood is a *sophisticated company* and has *many years of experience* applying for,  
6 obtaining, and maintain patent rights. Mosswood also has extensive experience  
7 manufacturing products and either marking or not marking them with words or numbers  
8 indicating that such products are protected by patents or pending applications.” Compl.  
9 ¶ 15 (emphasis added). The pleadings further allege that Mosswood “*knew or should have*  
10 *known*” that its patents had expired and “*could have no reasonable belief* that it was proper  
11 to mark and advertise products with [expired patent numbers]. . . .” Id. ¶¶ 18-20 (emphasis  
12 added). Under In re BP Lubricants USA, these fact-barren and conclusory allegations are  
13 insufficient to state a claim for false patent marking under § 292. Therefore, the Complaint  
14 must be dismissed for failure to sufficiently allege an intent to deceive. In re BP Lubricants  
15 USA, 637 F.3d at 1311 (granting writ and directing the district court to grant defendant’s  
16 motion to dismiss pursuant to Rule 9(b)); San Francisco Tech., Inc. v. Aero Prods. Int’l.,  
17 Inc., No. 10-02994 JF, 2011 WL 1044856, at \*3 (N.D. Cal. Mar. 22, 2011) (finding  
18 allegations by SFT that defendants knew or should have know that its patents were expired  
19 failed to pass muster under In re BP Lubricants USA) (Fogel, J.).

#### 20 **IV. CONCLUSION**

21 For the reasons stated above,

22 IT IS HEREBY ORDERED THAT:


23 1. Defendant Mosswood’s motion to dismiss is GRANTED, with leave to  
24 amend. Plaintiff shall have fourteen (14) days from the date this Order is filed to file an  
25 amended complaint, consistent with the Court’s ruling, as set forth above. In the event  
26 Plaintiff fails to file an amended complaint within that time-frame, the dismissal of the  
27 action will be deemed to be with prejudice.

28 2. The motion hearing scheduled for July 28, 2011, is VACATED.

1           3.       Should the parties file any additional noticed motions in this action under  
2 Civil Local Rule 7-2, the moving and opposition papers shall be limited to fifteen pages  
3 (15) and reply briefs shall be limited to ten (10) pages.

4           IT IS SO ORDERED.

5 Dated: July 15, 2011

  
SAUNDRA BROWN ARMSTRONG  
United States District Judge